

August 9, 2012
Financial Technology Partners LP
FTP Securities LLC
Transaction Profile:

*is pleased to announce its role as
Exclusive Capital Markets & IPO Advisor to*

Performant



NASDAQ:PFMT

in its
Initial Public Offering
of
\$93,150,000

Courtesy of:



The Only Investment Bank
Focused Exclusively on Financial Technology

www.ftpartners.com

Financial Technology Partners LP
601 California St., 22nd Floor
San Francisco, CA 94108
Tel: 415.512.8700
Fax: 415.512.8701

Steve McLaughlin
Managing Partner
Tel: 415.512.8704
Fax: 415.358.5620
steve.mclaughlin@ftpartners.com

Highly confidential and proprietary information. Unauthorized distribution without prior consent from Financial Technology Partners LP or FTP Securities LLC (together "FT Partners") is strictly prohibited.
This communication should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product or service, nor is it an official confirmation of any transaction, or representative of an official position or statement of Financial Technology Partners LP, FTP Securities LLC or any other related entity. FTP Securities LLC is a FINRA registered broker-dealer.

Performant Initial Public Offering

IPO Summary

“Steve and the entire FT Partners team were indispensable to running the IPO process” — Lisa Im, CEO of Performant

Transaction Overview and Rationale

Overview of Transaction

- On August 9, 2012, Performant Financial (“Performant”) priced its Initial Public Offering on the NASDAQ under the ticker symbol PFMT
 - \$93 mm offering (including over-allotment)
- Provides technology-enabled services to help identify and recover delinquent or defaulted assets and improper payments for both government and private clients in markets including Healthcare and Student Loans
- Parthenon Capital Partners (“Parthenon”), a private equity firm focused on middle-market companies, is Performant’s financial sponsor
- The syndicate was led by Morgan Stanley and Goldman Sachs and also included Credit Suisse, Wells Fargo Securities, William Blair and SunTrust Robinson Humphrey

Significance of Transaction

- FT Partners’ participation as Performant’s capital markets advisor simplified and expedited the “time-to-market” period due to the significant amount of up-front work completed prior to the engagement of the underwriters
- The Company intends to use the proceeds for general corporate purposes, including potential strategic alliances or acquisitions, and to provide liquidity to its shareholders

FT Partners’ Role

- FT Partners served as strategic, financial and IPO advisor to Performant and its Board of Directors
- FT Partners managed the entire IPO process, enabling management to focus on growing the business
- FT Partners developed an extraordinarily detailed and comprehensive set of management and financial materials to showcase Performant’s offering to potential underwriters, creating significant demand among major Wall Street institutions and yielding a top-tier underwriting syndicate for the Company

Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as
Capital Markets & IPO Advisor to*

Performant 

in its

\$93,150,000

Initial Public Offering

valuing the equity at approximately

\$ 453,000,000

**FINANCIAL
TECHNOLOGY
PARTNERS**

**The Only Investment Bank
Focused Exclusively on Financial Technology**

Performant Initial Public Offering

IPO Summary

Key IPO Statistics

Description:	Performant provides technology-enabled recovery and related analytics services in the United States that help government and private clients identify and recover delinquent or defaulted assets and improper payments
Headquarters:	Livermore, California
Founded:	1998
Employees⁽¹⁾:	~1,400
Initial S-1 Filing Date:	07/03/2012
Pricing Date:	08/09/2012
Ticker:	PFMT
Offer Price:	\$9 per share
Day-1 Close:	\$10.60 per share
Share Composition:	9,000,000 shares of common stock; the Company offered 1,924,000 shares and the selling stockholders offered 7,076,000 shares
Over-Allotment	1,350,000 shares of common stock (selling stockholders)
Offering Size:	\$93,150,000 (including over-allotment)
Equity Market Capitalization⁽²⁾:	\$548 mm
Net Proceeds⁽³⁾:	Net proceeds will be used for working capital, general corporate purposes and other investments including strategic alliances or acquisitions

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Form S-1

Performant Financial Corporation

Performant 

Lisa C. Im

Chief Executive Officer

333 North Canyons Parkway

Livermore, California 94551

**Morgan Stanley
Credit Suisse**

**Goldman, Sachs & Co.
Wells Fargo Securities**

William Blair

SunTrust Robinson Humphrey

Sources: Company website, SEC filings.

(1) As of June 30, 2012.

(2) Fully-diluted market capitalization calculated based on day-1 closing price.

(3) Excludes secondary proceeds.

Performant Initial Public Offering

Business Overview

- The Company uses its technology-enabled platform to provide recovery and analytics services in a broad range of markets for the identification and recovery of student loans, improper healthcare payments and delinquent state tax and federal treasury receivables
- The Company’s technology-enabled platform includes data management, data analytics, and technology-based workflow processes, which collectively increase efficiency, productivity and enable high recovery rates

Recovery Services and Analytics Capabilities

Student Loans

- Provides recovery services to the Department of Education, Guarantee Agencies (“GAs”) and private institutions
- Identifies and tracks defaulted borrowers across clients’ portfolios of student loans
- Utilizes proprietary technology, history of borrower data and analytics capabilities to rehabilitate and recover past due student loans
- Earns success-based fees calculated as a percentage of funds that the Company enables clients to recover

Other Markets

- Provides tax recovery services to state and municipal agencies
- Recovers government debt for numerous different federal agencies under a contract with the Treasury
- Enables financial institutions to proactively manage loan portfolios and reduce the incidence of defaulted loan assets
- Earns success-based fees calculated as a percentage of the amounts recovered, fees based on dedicated headcount and hosted technology licensing fees

Healthcare

- Provides recovery services to identify improper healthcare payments
- Analyzes millions of Medicare Parts A and B claims as the prime contractor for recovery services for improper payments in the Northeast region of the United States
- Identifies improper payments typically resulting from incorrect coding, procedures that were not medically necessary, incomplete documentation or claims submitted based on outdated fee schedules
- Earns success-based fees based on a percentage of claim amounts recovered

Analytics Capabilities

- Provides claims audit, pharmacy management and coordination of benefits functions for one of the nation’s largest healthcare organizations
- The Company intends to accelerate the use of recently acquired data analytics provider Performant Insight to offer a variety of services: post- and pre-payment audit of healthcare claims, detection of fraud, waste and abuse of healthcare claims and coordination of benefits and pharmacy fraud detection

Performant Initial Public Offering

Business Overview – Selected Competitive Strengths

Scalable and Flexible Technology-Enabled Services Platform

- Highly flexible, easy-to-use proprietary platform capable of configuration and deployment across multiple markets
- Platform is easily scaled to serve a wide variety of markets with different industry complexities and regulations, including student loans, state tax, federal treasury receivables and healthcare

Advanced Technology-Enabled Workflow Processes

- Disaggregates otherwise complex recovery processes into a series of simple, efficient and consistent steps that are easily configurable and applicable to different types of recovery-related applications
- Drives operational efficiency, as illustrated by the ability to generate in excess of \$130,000 of revenues per employee during 2011

Enhanced Data and Analytics Capabilities

- Combines two decades of recovery-related data with large volumes of client and third-party data to effectively analyze clients' delinquent or defaulted assets and improper payments
- Analytics tools score clients' recovery inventory, determine the optimal recovery process and allocation of resources, and achieve high levels of recovery results
- "Performant Insight" offers a variety of services, including fraud, waste and abuse, post- and pre-payment healthcare claims audit, coordination of benefits and pharmacy fraud detection

Long-Standing Client Relationships

- Business relationships with 13 of the 33 public sector participants in the student loan market, averaging more than 11 years in length, including an approximate 22-year relationship with the Department of Education
- In the healthcare market, the Company has a seven-year relationship with CMS and is currently one of only four prime Medicare RAC contractors

Extensive Domain Expertise in Complex and Regulated Markets

- Allows the Company to understand and adapt to evolving public policy agendas that shape the regulatory environment and objectives of its clients
- Helps identify and anticipate growth opportunities
 - Previously identified government healthcare as a potential growth opportunity, which has thus far led to the awarding of three contracts by CMS

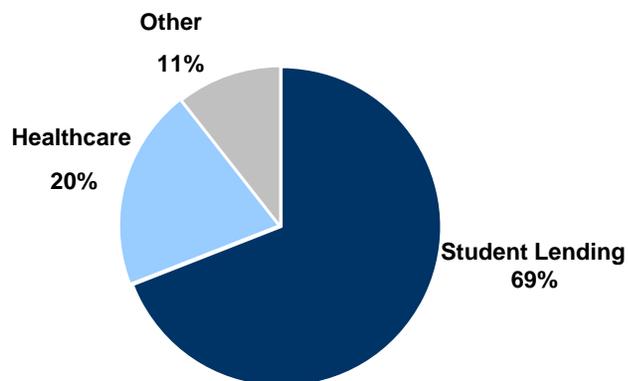
Proven and Experienced Management Team

- Senior management team has been with the Company for an average of approximately 11 years
- Team has successfully grown the revenue base and service offerings beyond the original student loan market into healthcare and delinquent state tax and private financial institutions receivables

Performant Initial Public Offering

Financial Overview and Operating Metrics

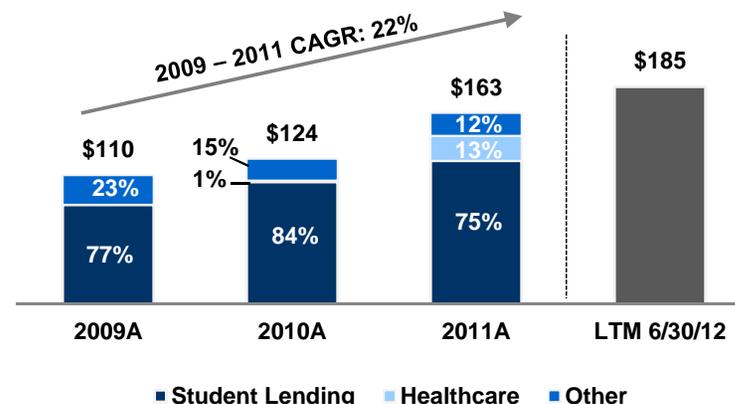
Revenue Allocation (LTM 6/30/12)



LTM Total Revenue: \$185 mm

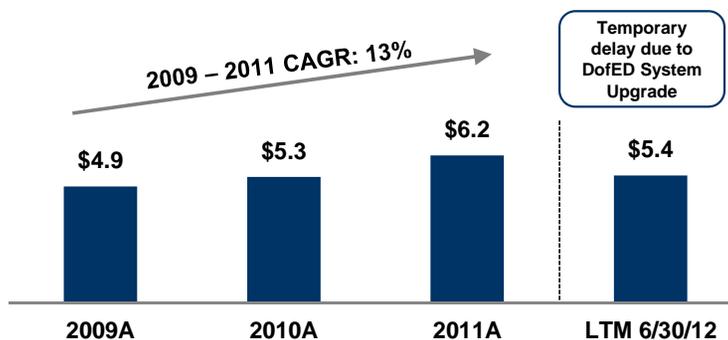
Revenue

(\$ in mm)



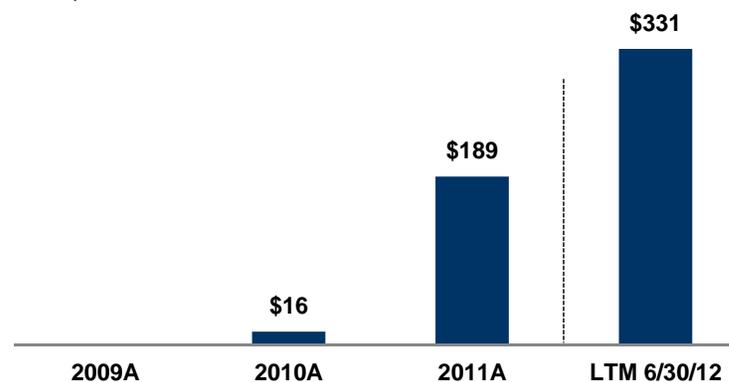
Student Lending Placement Volume⁽¹⁾

(\$ in bn)



Healthcare – Net Claim Recovery Placement Volume⁽²⁾

(\$ in mm)



Year	Revenue as % of Volume ⁽³⁾
2009A	1.7%
2010A	2.0%
2011A	2.0%
LTM 6/30/12	2.4%

Year	Claim Recovery Fee Rate ⁽⁴⁾
2009A	11.8%
2010A	11.8%
2011A	11.4%
LTM 6/30/12	11.4%

Sources: Company website, SEC filings.

(1) Dollar volume of defaulted student loans first placed with the Company during the specified period by public and private clients for recovery.

(2) Dollar volume of improper Medicare claims recovered for CMS during the applicable period net of any amount reserved to cover appeals by healthcare providers.

(3) Revenue recognized during the period divided by the placement volume first placed with Performant during the period.

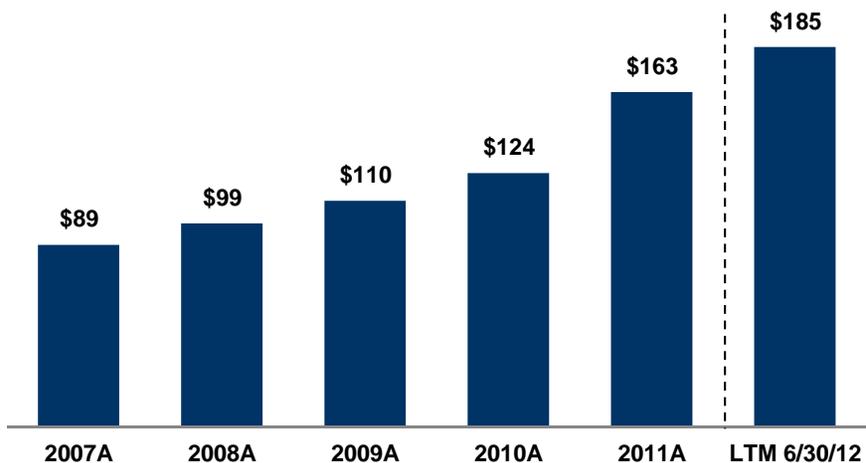
(4) Weighted-average percentage of fees compared to the amounts recovered.

Performant Initial Public Offering

Performance Metrics

Revenue / % Growth

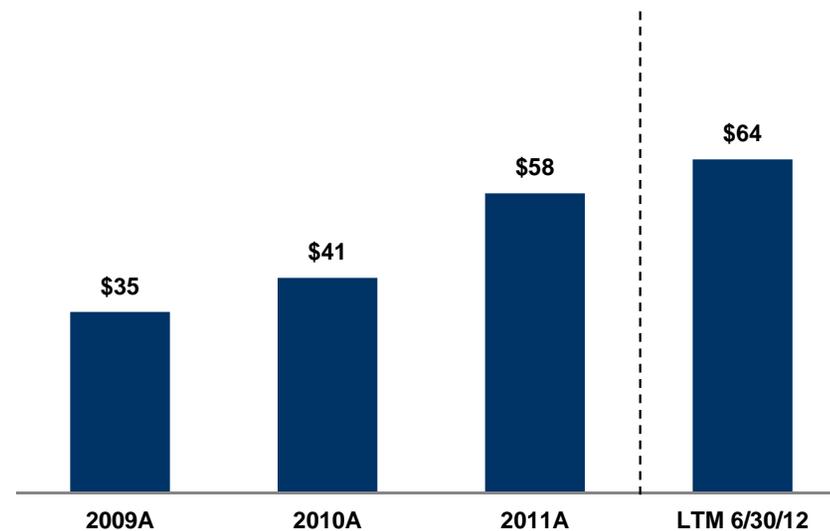
(\$ in mm)



Growth: 11.8% 11.0% 12.5% 31.9%

Adjusted EBITDA⁽¹⁾ / % Margin

(\$ in mm)



Margin: 31.7% 33.6% 35.4% 34.7%

Sources: Company website, SEC filings.

(1) Adjusted EBITDA calculation includes earnings before interest, taxes, depreciation, amortization, an impairment charge due to retirement of a trade name, non-core operating expenses including litigation and corporate development activities, and an advisory services agreement fee with Parthenon Capital Partners.

Performant Initial Public Offering

FT Partners / Performant Relationship Overview

History

- FT Partners was the exclusive financial advisor to Performant and its management team throughout the process
- Over the course of the relationship, FT Partners has provided strategic and financial advisory services to Performant
 - Recently advised the Company on its debt recapitalization, which served as a springboard for its highly successful initial public offering

Pre - IPO Preparation

- FT Partners worked with Performant for several months prior to introducing underwriters into the process in order to develop and execute on a well-planned path to the Company's IPO
- During this period, FT Partners and Performant management developed a highly-detailed financial model, a draft of the Company's S-1 and multiple presentations to properly position Performant to underwriters, investors and research analysts
- The Company was well-prepared by FT Partners, contributing to a relatively seamless and timely IPO process once underwriters became involved

Underwriter Selection

- Performant and FT Partners ran a competitive underwriter selection process
 - Participants included several major Wall Street investment banks, as well as a few middle-market firms
- Performant's well-executed pitch process yielded valuations and significantly above those found within the universe of public comparable companies selected by the underwriters and research support
- The top tier underwriters ultimately chosen for the syndicate were of a much higher caliber than is typical for an issuance of <\$250 mm
 - As a result, the Company received (i) significant sales team support in designing and executing upon the book-building phase of the process and (ii) broad-reaching equity research coverage post-pricing

Execution

- FT Partners' participation as Performant's Capital Markets Advisor facilitated a simplified and expedited "time-to-market" period due to the significant amount of up-front work that had already been completed prior to the engagement of the underwriters
- With assistance from FT Partners, Performant's management and the Board were able to achieve a strong valuation from their underwriters at a time when multiples for key comps were experiencing compression

Performant Initial Public Offering

FT Partners Has Executed Many Transactions in the Financial BPO / IT Services Sector



FT Partners has advised on the most prominent transactions in the Financial Technology Space

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as exclusive Capital Markets Advisor to

in its debt financing led by

Madison Capital Funding LLC

totaling

\$147,500,000

The Only Investment Bank
Focused Exclusively on Financial Technology

Highlights FT Partners' ability to execute complex Debt Capital Markets transactions

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as strategic and financial advisor to

in its sale to

For total consideration of approximately

\$91,000,000

The Only Investment Bank
Focused Exclusively on Financial Technology

OPI is a leading provider of complex Finance & Accounting outsourcing solutions

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as exclusive Capital Markets & IPO Advisor to

NYSE: AH

in its

\$138,000,000

Initial Public Offering
valuing the equity at approximately

\$1,200,000,000

The Only Investment Bank
Focused Exclusively on Financial Technology

Largest HCIT transaction in FT Partners' history and likely one of the most successful IPOs of 2010

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as sole strategic and financial advisor to

in its sale to

for cash consideration of approximately

\$245,000,000

The Only Investment Bank
Focused Exclusively on Financial Technology

Highlights FT Partners' Capital Markets and IPO Advisory capabilities

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as sole strategic and financial advisor to

in its approximately 60% Strategic Growth Investment by

The Only Investment Bank
Focused Exclusively on Financial Technology

Significant capital raised from world-class investor, Silver Lake Partners

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as sole strategic and financial advisor to

in its strategic alliance with

The Only Investment Bank
Focused Exclusively on Financial Technology

The strategic alliance between OpHedge and Citco brought together two complementary partners

is pleased to announce its role as exclusive strategic and financial advisor to

in its sale to The Capital Markets Company

forming the future of finance.

The Only Investment Bank
Focused Exclusively on Financial Technology
www.ftpartners.com

Iverson is a leading provider of data management services for the financial services industry

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its exclusive role as sole strategic and financial advisor to

in its acquisition of

for cash consideration of approximately

\$300,000,000

The Only Investment Bank
Focused Exclusively on Financial Technology

Highlights FT Partners' expertise in the core bank processing space



Performant Initial Public Offering

Award-Winning Investment Banking Franchise Focused on Financial Technology

FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition



M&A Advisor Awards

- 2011
 - **Boutique Investment Bank of the Year**
 - Deal of the Decade
 - *10 Deal of the Year Nominations Across 9 Categories*
- 2010
 - **Upper Middle Market Deal of the Year, Above \$500 mm**
 - IT Services Deal of the Year, Below \$500mm
 - Cross-Border Deal of the Year, Below \$500mm
- 2007
 - **Dealmaker of the Year – Steve McLaughlin**
 - Business to Business Services Deal of the Year
 - Computer and Information Technology Deal of the Year, Above \$100mm
 - Financial Services Deal of the Year, Above \$100mm
- 2006
 - **Boutique Investment Banking Firm of the Year**
 - M&A Product of the Year
 - Consumer/Payment Services Deal of the Year
 - Middle Market Deal of the Year



- 2006-2008 ■ Steve McLaughlin consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financial Technology



Middle Market Financing Awards

- 2008
 - **Equity Financing Dealmaker of the Year – Steve McLaughlin**
 - **Information Technology Deal of the Year**
 - **Financial Services Deal of the Year**
- 2006
 - **Financing Professional of the Year – Steve McLaughlin**
 - *Financing Deal of the Year - Equity*
 - *Financing Deal of the Year - Debt*